



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0073	<b>Title:</b>	Increase fee caps for water quality act
<b>Primary Sponsor:</b>	Gallik, D.	<b>Status:</b>	As Introduced

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|--|--|--|
| <input type="checkbox"/> Significant Local Gov Impact                | <input type="checkbox"/> Include in HB 2               | <input type="checkbox"/> Technical Concerns              |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
State Special Revenue	\$158,676	\$158,676	\$158,676	\$158,676
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### Description of fiscal Impact:

The Board of Environmental Review amends individual application and annual fees via rulemaking within the fee caps set by statute. Raising the fee caps in statute for water quality discharge permit fees is necessary in order for the Board of Environmental Review to consider fee adjustments to cover the cost of ongoing expenses related to permitting activities. A fiscal impact would only occur after rulemaking changes were adopted by the Board of Environmental Review.

### FISCAL ANALYSIS

#### Assumptions:

1. The Board of Environmental Review would need to act separately in order to implement any specific fee changes through rulemaking authority of the board.
2. Fee caps were set in statute in 1993 and have remained at the \$5,000 level for applications and \$3,000 for annual assessments covering a period of 13 years.

3. Data and information regarding permit applications and annual fees are based on calendar year 2005.
4. Based on the Federal Reserve Bank of Minneapolis' Consumer Price Index (CPI) calculator from 1993 to 2006 the CPI factor is 40% (thus \$1.00 in 1993 would require \$1.40 in 2006 to acquire the same goods and services)
5. Using a CPI factor of 40% this legislation proposes amending the fee cap on applications from \$5,000 to \$7,000 ( $\$5,000 \times 1.40$ ). Applications renew every 5 years thus this fee is collected every 5 years. The annual fee cap based on outflow and a CPI factor of 40% would increase from \$3,000 to \$4,200 ( $\$3,000 \times 1.40$ ).
6. Currently, major private dischargers pay a permit application fee that is within 90% of the cap limit (\$4,500/\$5,000) and annual fees that are at 100% of the cap limit of \$3,000.
7. It is anticipated that if the fees were adjusted by the Board of Environmental Review for major permit holders up to the proposed fee caps that revenue would increase by \$158,676 per year based on the current number of permits that are active. This estimated range includes a 25% fee discount on an annual basis for permits in compliance with regulations.
8. Projected revenue increases would offset anticipated increases (inflationary) in expenditures (i.e. salaries, benefits, and operating costs) as the permit program is self sustaining.

	<b><u>FY 2008</u></b> <b><u>Difference</u></b>	<b><u>FY 2009</u></b> <b><u>Difference</u></b>	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$158,676	\$158,676	\$158,676	\$158,676
<b>TOTAL Revenues</b>	<b>\$158,676</b>	<b>\$158,676</b>	<b>\$158,676</b>	<b>\$158,676</b>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

State Special Revenue (02)	\$158,676	\$158,676	\$158,676	\$158,676
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**Effect on County or Other Local Revenues or Expenditures:**

1. It is anticipated that adoption of new fee rates by the Board of Environmental Review may occur in the spring of 2007. New fee schedules will be provided to County or Other Local Government groups in order to include any increases in their budgeting and fee schedules for fiscal years 2008, 2009, 2010 and 2011.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*